

JAN 6 1944

The Management REVIEW



DECEMBER, 1943

[This Issue Includes Index to Volume XXXII]

COMMENT • DIGEST • REVIEW

Mobilizing Sales Leadership to Win the Peace!

AMA MARKETING CONFERENCE

WALDORF-ASTORIA, NEW YORK • JAN. 12-13, 1944

Mightiest goal of America at peace will be that of maintaining a continuous high level of employment. For achievement of that objective the marketing executive must assume a major responsibility. This Marketing Conference is designed to equip him with the basic information which alone can enable him to tackle the most colossal job that has ever confronted sales management.

Knowledge of markets—knowledge of methods—knowledge of limitations and restraints—knowledge of economic and social forces that will influence marketing plans and practices—these are fundamental to sound preparation for the new sales era. And these are the fundamentals to which this Conference is devoted.

Some of the Conference Topics:

**OVERHAULING THE SALES
ORGANIZATION**

NEW SALES TRAINING TECHNIQUES

MAJOR TRENDS IN DISTRIBUTION

**GOVERNMENTAL CONTROLS AFTER
THE WAR**

REBUILDING THE SALES STAFF

NEW COMPLEXIONS IN ADVERTISING

**BUYING POWER AND POSTWAR
MARKETS**

NEW BUYING HABITS

PRODUCTS, MARKETS AND RESEARCH

**SELECTING AND TESTING SALES
PERSONNEL**

**SALES EXECUTIVES' POSTWAR
RESPONSIBILITIES**

**FUTURE PATTERN OF INDUSTRIAL
EMPLOYMENT**

COMPENSATION OF SALESMEN

**WHAT CONSUMERS WANT IN
POSTWAR PRODUCTS**

AMERICAN MANAGEMENT ASSOCIATION
330 WEST 42nd STREET NEW YORK 18, N. Y.

CONTENTS

DECEMBER, 1943

Volume XXXII

No. 12

Copyright, 1943
American Management Association
Printed in U. S. A.

Partial List of Contents

The Management Index

Executives Consider Postwar Prospects	442
<i>Fortune</i>	
Office Economy Without Radical Changes	445
<i>American Business</i>	
The Expectant Mother in Industry	448
<i>Business Week</i>	
Teaching Preventive Maintenance	453
<i>Factory Management and Maintenance</i>	
12 Steps Toward Postwar Sales	455
<i>Forbes</i>	
Beyond the Balance Sheet	458
<i>Credit and Financial Management</i>	
Development of Social Insurance	460
And Others	
The Management Question Box	462
Survey of Books for Executives	
Manpower for Victory	465
<i>Reviewed by William Haber</i>	
You and Your Public	468
<i>Reviewed by Harold D. Lasswell</i>	
The Psychology of Efficiency	469
<i>Reviewed by Harry W. Hepner</i>	
Briefer Book Notes	470
Index to Volume XXXII	End Section

Management REVIEW

EXECUTIVES as a whole view industry's postwar prospects with conflicting hope and fear, according to *Fortune*'s latest Management Poll. At home, they see prosperity ahead: Fully 70 per cent predict a general upsurge after the reconversion period, while an even larger proportion feel that reasonably full employment can be maintained with private enterprise at the helm. Though executives generally adopt a sanguine attitude toward postwar business conditions, only a small minority, however, expect the comparative freedom from government regulation which they desire. Abroad, business leaders want world cooperation; and the death of isolation may be presaged in the heavy majority who support a world court.

Previous *Fortune* polls have discerned in the average executive a much more social view than his critics attribute to him. While three of every five executives currently consider an all-out "cradle-to-the-grave" security program undesirable, the inference is that a more practical over-all social security program would receive their support. Further findings on the following pages.

BATTLE-SCARRED heroes of Guadalcanal and the African war theater are being welcomed by progressive plants and fitted to the jobs for which they are best equipped (see page 444). As the present trickle of discharges becomes a steady stream, industry—in cooperation with rehabilitation agencies and government bureaus—must adopt a systematic approach to the problem of providing these servicemen with useful employment.

JAMES O. RICE, Editor, 330 West 42nd Street, New York 18, N. Y.

M. J. DOOHER, Associate Editor

ALICE L. SMITH, Assistant Editor

THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York 18, N. Y., at fifty cents per copy or five dollars per year. Vol. XXXII, No. 12, December, 1943. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

Changes of address should be forwarded to the publisher one month in advance, and postal unit numbers should be included in all addresses.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

THE MANAGEMENT INDEX

General Management

Executives Consider Postwar Prospects

BUSINESS leaders in the United States think today in a pattern that largely ignores the kind of business they happen to be engaged in and the part of the country in which they work, a recent *Fortune* poll indicates. Similarity of opinion, however, does not spell unanimity. Sharp divisions of mind appear within each industrial and geographical group, but almost always in the same proportion.

The optimism revealed in this poll of the top-ranking men of United States business stems from their thumping repudiation of an idea, current not long ago, that this war would produce another depression. They expect the contrary. Their frustrations arise from the fact that business men want freedom from regulation and relief from taxation, but they don't expect them. They want to believe that the business community could itself cope with another depression, if we were to suffer one, but they see very plainly that a new slump would engender irresistible political forces that would take the play away from enterprise and again let

government, and more government, call the economic signals and pay the bills out of taxes.

Specifically, 70 per cent of those questioned believe that, following the initial period of postwar reconversion, we shall experience a general boom. A slump is predicted by 17.6 per cent, while 12 per cent are noncommittal.

Optimism permeates all types of business evenly, although there appears a microscopic tendency to expect the other fellow to have more luck than you will. Geographic variations are curious. Most hopeful is New York City—which is not now the boomingest place—where 73.3 per cent anticipate the general postwar upsurge. But business men in the South, with war industry burgeoning all around them, are less optimistic, 65 per cent of them expecting national prosperity, only 54.1 per cent looking forward to it in their own affairs.

Of the general-boom optimists, a large percentage—84.4—are convinced that business will need little government assistance in maintaining "reason-

For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

ably full employment." But even among the minority expecting a general postwar slump, two out of five believe that private business can maintain full employment unaided despite the slump. These figures show a remarkable shift from September, 1942. In the Management Poll that month, almost three of every five executives expected fairly large unemployment. The continuing obsolescence of most of our consumers' goods, which cannot be replaced in a total war economy, probably accounts for the current optimism about postwar employment that will grow with postwar markets.

Business prosperity in peacetime America has always brought business freedom. In such periods, government interference receded; within business itself new enterprisers found expanding opportunities, new competitors brought zest to an expanding market. Our business executives, however, seem to think that this traditional American marriage of freedom and plenty will not survive in the postwar world. Though roundly optimistic about prosperity, they are not hopeful about freedom and its essential corollary: opportunity. After the war, they believe, business will have:

Less freedom than in 1939.....	63.4%
About the same.....	23.0
More freedom than in 1939.....	13.6

The problem of the small business man agitated the business community before the war; during the war the problem and the agitation have grown greater. Less than one-fourth of those questioned in this poll believe that small manufacturers will have more op-

portunity in the postwar era. No doubt their problem will still be with us as we swing into the prosperous times of peace.

The management majority manifest a far greater leaning toward internationalism than did the general public in a survey made last June. Sectionally, eastern executives vote nearly three to one for a world court and police force; the vote is about two to one in the West and the formerly isolationist Midwest.

Three business men out of every five consider a program for "cradle-to-the-grave" social security undesirable; and, of the two remaining who favor it, one believes it impractical, leaving just one in five in favor. That would seem to confirm the worst suspicions of people who continue to regard executives as unregenerate reactionaries determined to oppose to the last ditch popular reforms already enacted and surely bound to be widened.

But this would probably be a very false interpretation of the replies. Here is a case where the wording of the question probably dictated a great many of the answers. "Cradle-to-the-grave" security, as the press dubbed the Beveridge Plan when it was announced, has about it something pulsing, something unappetizing and un-enterprising. It connotes a sticky official solicitude toward babes in arms and senile rocking-chair sitters—and everyone in the able-bodied years between. So far is this notion from American—let alone executive—ways of thinking and feeling that it is surprising, perhaps, that as many as 40 per cent of the respondents declared it

to be actually desirable. Inferentially, this paradoxical conclusion might be drawn from the replies to this question: that a workable and comprehensive

social security program would win the support of a majority of the managers of United States business. *Fortune*, October, 1943, p. 12:5.

Wartime Wage Maladjustments

WIDE divergences between earnings of various groups of workers have developed as a result of the war. The Bureau of Labor Statistics reports that average hourly wages paid by durable goods manufacturing concerns, adjusted for cost-of-living changes, rose by 22.7 per cent between January, 1939, and July, 1943, while the increase in hourly rates in non-durable goods manufacturing was only 11.4 per cent.

Weekly earnings have shown far wider discrepancies because of the long hours worked in durable goods industries during the war. The increase, again adjusted for increases in the cost of living, has been 55.2 per cent in durable goods industries but only 27 per cent in non-durable goods lines.

After the war, wages in many industries will decline automatically as overtime work at punitive rates is ended, the workweek is shortened, and war industries that have greatly expanded their labor forces by offering to pay high wages curtail or cease operations. Nevertheless, wide discrepancies in rates will persist as compared with the pre-war era. The situation thus created will call for very careful handling, for it could give rise to considerable friction and industrial unrest.

—*The Journal of Commerce* 12/2/43

For Veterans Only

A CONCRETE effort to systematize private reemployment of servicemen is being made by a Queens, New York, war plant, which has announced that only discharged veterans of the present war need apply there henceforth for factory jobs.

Appropriately revealed on Armistice Day by the president of the General Aircraft Corporation, Long Island City, the new policy has been given a week's trial, during which 20 former fighting men have been hired. At its present rate of labor turnover, the plant, which makes troop-carrying gliders, should provide vacancies for nearly 500 men during the coming year.

In its present form, the scheme applies only to skilled assembly workers, who are paid hourly wages varying from 65 cents to \$1.30. At present, women constitute 45 per cent of the force. Any veteran who hopes to replace one of the present highly skilled employees must pass an exacting mechanical aptitude test.

—*New York Herald Tribune* 11/12/43



Office Management

Office Economy Without Radical Changes

WHEN the government asked business offices to turn in one of every four typewriters, we at Standard Register Company thought this an unreasonable request. But when a survey by the National Office Management Association revealed over 40 ways to save typewriters, our eyes were opened. As a result of our studies, we discovered not only how to save typewriters, but more than that—how to cut office costs, simplify work, reduce paper costs, and increase accuracy.

Whether a company releases one-fourth of its typewriters or not, most of the economies resulting from this study seem worth while. For example:

We found three fields for possible savings:

1. Improvement in office layout and organization.
2. Simplification of office routine.
3. Review and analysis of the function of office forms, their design, construction, use.

In our transcribing department were eight operators whose sole function was to provide all office departments with dictating or voice-writing service. Five years' experience had demonstrated the advantages of centralizing and pooling equipment and typists for transcribing; so we sought other avenues of improvement.

We had a direct mail department whose function was to type and perform clerical duties, largely for our advertising department. Elsewhere we

found a number of clerical workers and typists assigned to miscellaneous jobs. After a survey we decided that all these people could be combined with the transcribing department to create an office service department, now handling the following work:

1. Stenographic and dictating service for all offices and factory departments.
2. Periodic and special typing jobs for all office and factory departments.
3. Miscellaneous clerical work for all office departments.
4. Various kinds of duplicating work.

Remember, the original objective was to save typewriters. In achieving this, five major improvements actually resulted:

1. It enabled us to pool typewriters, so three are doing the work of four. By standardizing on continuous forms and letterheads, we were able to speed up the work. It enabled us to consolidate other equipment, such as multilith plate writing typewriters, addressing equipment, all types of duplicating equipment. Now all equipment is available to every office and factory department. The best process for each type of work is readily selected.

2. It enabled us to place newly employed people in a department under adequate supervision with incentives that offer them tangible prospects of promotion. Inexperienced people start as clerical workers. As they gain experience, they are assigned to specialized work, such as operating duplicating equipment, addressing equipment,

or straight typing. Those who seem qualified and interested are encouraged to become dictating-machine operators or secretaries.

3. The personnel of this department is subject to call by any other office or factory department as peak periods develop—e.g., for monthly statement preparation, billing production orders, handling load of invoices at month's end.

4. Creation of our office service department has resulted in saving a number of typewriters, since intermittent typing has been eliminated and operators are devoting their time exclusively to typing.

5. Finally, this pooling facilitates scheduling of work through the office. We have increased output per typist and per machine. The office staff is now more versatile and flexible. New typists and clerical workers are inducted more rapidly, and a greater

number qualify for advancement to specialized positions.

A study of forms and systems contributed in a major way to the improvements we have made since inaugurating our typewriter economy program. Too often, we find, forms are designed by the pencil-and-ruler method, prime consideration being solely the requirements of the department using the form. This practice is obsolete in view of the need for coordination and synchronized operation. The responsibility for designing forms should be centered in a single individual, or in a forms planning committee which has adequate knowledge of the mechanical features of all business machines as well as modern form construction methods. By BARRETT B. KLOPFER. *American Business*, September, 1943, p. 24:5.

(Economies in form design are discussed in detail in this article—Ed.)

Efficiency Through Centralization

A NATIONAL variety chain is saving the equivalent of one-third to one-half of a clerical worker's time in each store by transferring the verification of invoices to its main office. It has been found that office girls spending full time on this task handle a substantially greater volume of work per hour than did the part-time girls in the individual stores, the increased efficiency being attributable to better office accommodations and reduced frequency of interruptions to attend to other work.

Through centralization of the invoice-checking function, the chain's accounting department is also able to give closer attention to verification of unit merchandise costs and total charges—more necessary than ever since current conditions of high labor turnover and "green" help have increased the number of errors on the part of shippers' staffs.

—*Chain Store Age* 8/43

Comparative Earnings of Office Workers

RESULTS of a recent survey by the New York State Department of Labor of the earnings of clerical workers in 2,612 factories in the state indicate that women workers earn less than men in comparable jobs.

The survey showed that the average weekly wage for men was \$57.83, while that for women was \$32.27. The over-all average for both sexes was \$43.82. The variation was explained in part, the Department said, by the difference in the occupational distribution.

"The averages are highest for those industries composed of large-sized plants where the need for highly skilled workers exists," the announcement stated. "Higher weekly earnings are evident also among war industries which operate on a comparatively long workweek."

Average weekly earnings in the metals and machinery group, for example, amounted to \$48.09, while in miscellaneous manufacturing industries, such as those making professional and scientific instruments and photographic apparatus, average wages were \$45.95. Earnings for other industries ranged from \$28.23 to \$39.72.

Shop employees average a little over \$2 more a week than office workers, according to the survey. Some of this difference was attributed to the fact that office employees are composed of a higher percentage of women, whose average earnings are lower than those of men.

Comparative data on the earnings of office workers for the year 1942 were available for women only. These figures showed that during the period the average weekly earnings of women office workers increased \$3.09. This represents a gain of 10.6 per cent and compares with an increase of 23 per cent for women shop employees.

—*The New York Times* 11/29/43

Office Time-Saver

HERE is a time-saving idea from the Standard Register Company:

Instead of typing telegrams, each department telephones the messages to the communications department, where an operator takes them down in shorthand and dispatches them from her shorthand notes. This change frees one typewriter, eliminates the burden of typing messages, and substantially increases the speed with which they are handled. At first it was feared errors would increase, but in practice the plan has decreased errors. Messages are dispatched on Western Union, Postal and Teletype printers.

—BARRETT B. KLOPFER in *American Business* 8/43

Growth of a Personnel Practice

A SURVEY made by The Conference Board in 1937 included the question: "What compensation is paid to hourly workers who report for work when none is available?" More than 50 per cent of the companies who replied at that time stated that no compensation, or "call-in" pay, was given under those circumstances; less than 3 per cent paid for the equivalent of four hours' work. When the same question was asked recently, the figures were almost reversed. Replies showed that only 16 per cent of the companies now make no provision for compensating workers who report for work when none is available; while 44 per cent pay for the equivalent of four hours' work, 29 per cent for the equivalent of two hours' work, and 7½ per cent for a full day.

—*The Conference Board Management Record* 11/43

Personnel

The Expectant Mother in Industry

WHEN war forced American industries to take on a flood of women workers, it also engulfed them in a flood of new personnel problems. Not the least of these, and by all odds the one that factory managers and personnel supervisors have found the most delicate to handle, is what to do with the woman worker who becomes pregnant.

In many cases, the first reaction of the production boss who finds that one of his workers is pregnant is, "Get her out of here quick." Chief reason is fear of a damage suit if the work causes any injury. Some employers consider it "indelicate" for an obviously pregnant woman to stick to her workbench, and a few think it embarrasses men workers. Other companies discharge pregnant women because of a genuine conviction that continued work is harmful to mother and child. Result of these fears is that many plants require a woman's discharge as soon as her pregnancy becomes known. (There have been plenty of instances in which women managed to conceal their condition to within a month or two of confinement, often remaining on jobs dangerous to them.)

In a recent survey of 70 industrial plants, employing some 250,000 women, the Children's Bureau of the Department of Labor found that the majority of employers fired women as soon as pregnancy was discovered.

Most of the rest imposed a leave of absence for at least part of the pregnancy. Children's Bureau investigators say that most plants with a flat restrictive policy, or a compulsory long leave of absence, admitted they were troubled by unreported pregnancies. Companies which kept track of pregnancies found between three and six monthly for every thousand women workers but believe these figures were low because of the number of women who left their jobs without reporting their condition.

Government agencies are plugging for a policy that will allow pregnant women to remain on the job and cut down the hazards of unreported pregnancies and abortions. Department of Labor recommendations boil down to this: that employers set up no penalizing regulations which will discourage reporting of pregnancy; that a pregnant woman be given a health examination and shifted to lighter work if necessary; that companies require a prenatal leave of at least six weeks and a postnatal leave of at least two months; that women be assured that their employment status with the company will be protected during the time they take off to have a baby.

A company with a well-established pregnancy policy is Associated Shipbuilders of Seattle. New women employees are required to fill out a form in which they agree to report preg-

nancy. When they do this, they are shifted to lighter work if necessary. They must stop work four months before confinement (in accordance with Washington state law) but receive an indefinite leave of absence.

As far as is known, no American company has gone to the lengths of one English munitions plant which has a special department of light assembly work set aside for its pregnant employees.

Comparatively few union contracts take cognizance of the pregnancy problem, even in industries where there is a high percentage of women workers. The United Textile Workers Union has clauses requiring maternity leaves in contracts with some plants. So do the United Rubber Workers and United Electrical Radio & Machine Workers.

Only six states—Connecticut, Massachusetts, Missouri, New York, Vermont and Washington—have legislation affecting the employment of pregnant women. The Washington regulation—which is an order of the Industrial Welfare Committee, not a statute—is the most stringent.

Government investigators have no wholly satisfactory answer to the plant manager who considers pregnancy indecent, but they suggest that workers be transferred to a department where they won't be in public view.

One further finding: No plants discriminate more against the unmarried pregnant worker than against the married one. Some are even more lenient, for social reasons, with the unmarried. *Business Week*, September 25, 1943, p. 80:3.

Plant Labor Pool

A NEW manpower campaign, flexible to the point where secondary skills of industrial and "white collar" workers can be utilized for other trades whenever the need arises, has provided a partial solution of York Ice Machinery Corporation's* labor problems.

The idea of its own labor pool was suggested to the company by the variety of data revealed by a manpower survey undertaken among its several thousand employees. Started last November, the survey lasted approximately three months and entailed submitting to each employee a questionnaire form on which he indicated his complete work experience.

Many talents, which were lying dormant and unknown to the management, were disclosed by the survey, giving York a veritable reservoir of skilled labor, with every man proving competent in at least one additional skilled occupation, some of them in four or five. In all, 30 factory skills were tabulated.

Even in the executive group, the survey showed men who had had experience as assemblers, machine operators and welders, with the result that 70 per cent of the salaried employees proved eligible for transfer to 20 different jobs. While no office or executive employees have thus far been shifted to factory jobs, various salesmen have been called in from outlying branches to become expediters.

While most transfers are temporary, some have become permanent. York has transferred as much as 10 per cent of the entire personnel in one month.

—*Printers' Ink* 7/2/43

* Now known as York Corporation.

Mechanical Comprehension and Dexterity Tests

SUCCESSFUL operators of such machine tools as turret lathes, precision grinders, milling machines, and Bullard automatics can be selected with reasonable certainty by properly chosen employment tests. This fact is revealed by a recently completed study conducted over a period of a year in the Martin & Schwartz Company, Inc., subsidiary of Sun Oil Company, in Salisbury, Md.

Confronted with the necessity of shifting plant facilities from peace-time manufacture of gasoline pumps to wartime construction of ordnance material for the Army and Navy, the management turned to psychological tests as an aid in making the conversion. Since the ordnance work would consist almost wholly of machining operations, the problem became two-fold: (1) to discover who among employees performing non-machining tasks, such as assembly and maintenance, had the ability to master the operation of machine tools; (2) to hire new employees most suitable for this type of work.

Machining jobs were first carefully analyzed to determine the abilities needed for job success. This involved observation of operators at work on the various machines, discussion with supervisors, and talks with the operators themselves. The results of this study are reflected in the tests included in the original battery:

1. Revised Beta (non-verbal intelligence)

2. Bennett Mechanical Comprehension
3. Two-hand Coordination Test
4. Hand-Eye Coordination Test
5. Hand-Tool Dexterity Test

The first two are paper-and-pencil forms measuring, respectively, non-verbal intelligence and ability to understand mechanical relationships. The other three are apparatus tests which had been found effective in selecting applicants for other types of mechanical positions. On the Two-hand Coordination Test, also known as the "Wisconsin Miniature Test for the Engine Lathe," the person being tested tries to follow a given pattern with a pointer by simultaneously turning two cranks attached to lathe feed screws. In the Hand-Eye Coordination Test, the subject attempts to feed a dummy drill into a series of holes in a drill plate without touching the margins of the holes. The Hand-Tool Dexterity apparatus measures proficiency in using wrench and screw-driver, the applicant being required to take apart 12 bolt-and-nut units and reassemble them in another position.

The next step logically involved a preliminary check to determine the effectiveness of the tests. Accordingly a group of 40 employees of known ability were asked to take them, and results showed that the best workers almost invariably tended to score high on the tests, while the less efficient operators scored substantially lower.

It was recognized, of course, that

the same correlation might not hold for applicants, since those already employed had the advantage of varying degrees of training on the job. But since periodic follow-up studies were to be made, a basis for any required modification of the original battery of tests would be available. Both applicants and employees in other types of work were, therefore, given the entire group of five tests, and assignments for training as machine operators were made, insofar as possible, in accordance with test scores.

About 12 months after this program was initiated, systematic ratings were obtained from shop supervisors who had intimate knowledge of the proficiency of both reassigned employees and new workers, and the relationship between test scores and ratings was determined, with the following results:

1. Ninety-one per cent of workers rated as "excellent" on the job scored "A" or "B" on the tests.
2. Seventy-five per cent of those rated as "good" on the job scored "A" or "B" on the tests.
3. The proportion of persons with high test scores ("A") decreased progressively as the supervisors' ratings went from "excellent" to "poor," while the proportion of men with low scores ("D") showed a corresponding increase.

Moreover, since new men were hired only if they scored "A" or "B" on the tests, the job proficiency ratings of employees hired after tests were installed were appreciably higher than those of the older employees. Seventy-six per cent of the new men were

rated as "excellent" or "good" on the job, only 8 per cent were rated "below average," and none was rated as "poor." Not a single new man hired after the tests were introduced has been dismissed for lack of ability.

In addition to the significant correlation between test scores and job ratings, the study also revealed that excellent potential material for higher-grade jobs often exists where one might least expect to find it. Some men working in such unrelated jobs as stock clerk and shipping clerk scored very high on the tests and were subsequently transferred to machine operation.

Further analysis of the results indicates that two of the tests, Mechanical Comprehension and Hand-Tool Dexterity, in combination, will permit slightly better prediction than will the unweighted combination of all five. The multiple correlation of these two tests with the ratings is .67, as against a correlation of .59 for the sum of all the tests. Only 17 per cent of those who fell below the group average on these two tests were rated as "good" or "excellent" on the job, whereas 69 per cent of those with better scores were considered "good" or "excellent" workers.

It is apparent from the above that three of the initial group of five tests can now be eliminated. This will mean a substantial saving in both time and money, for these two tests can be administered in a period of about 35 minutes per applicant. By GEORGE K. BENNETT and RICHARD A. FEAR. *Personnel Journal*, May, 1943, p. 12:6.

Rating Plan Makes Better Supervisors

EVERY executive in the Wolverine Tube plant of Calumet & Hecla Consolidated Copper Company, Detroit—from the foreman to the plant manager—gets rated once a year. He gets rated by his equals, the men below him, and the men above him in rank. (Obviously, the plant manager is the sole exception. He has no "peers" and must therefore be rated by subordinates.)

In the operation of the plan, usually three superiors, three equals, and three subordinates rate each of the executives, including the foremen. The rating form divides executive performance into six major divisions: education, health, character, personality, intelligence, and leadership and work habits.

After each rater has completed his answers to 70-odd questions, grouped under the six major divisions, he makes out a summary in his own words on the last page of the form. The final item is reserved for specific advice into which answers to the questions naturally lead. Then a grand summary of the individual ratings is written up on the same form and presented to the executive. Ratings do not become company records.

Even in peacetime, the results of this plan were noteworthy. With pressure of war production becoming increasingly heavy, the company has found it particularly effective.

—D. D. DECKER in *Factory Management and Maintenance* 6/43

High School Boys Work in War Plant

THE Bell Aircraft Corporation has filled 225 full-time plant jobs with 450 high school boys 16 and 17 years old who attend school during the day and build P-39 Airacobras three evenings each week. They are paired, one working the first three evenings of the week and the other working the last three.

There is one strict stipulation in the contract between company management and the students. Each young worker agrees upon taking a job on the Boypower Victory Shift that his school marks will not go down. He must also agree that his attendance at school will not suffer because of his war work. Personnel counselors make a periodic check; and lower school marks become cause for immediate dismissal.

The work shift starts at 4:30 in the afternoon and ends at 12:30 a.m. The program was approved by public and parochial schools of Buffalo and the State Department of Education.

The students proudly wear special badges which distinguish them as doing a double share of duty. Foremen report that they are proving as capable as matured employees.

—*The New York Times* 12/2/43

AMA PERSONNEL CONFERENCE

The Winter Personnel Conference of the American Management Association will be held on Wednesday, Thursday and Friday, February 9-11, 1944, at The Palmer House, Chicago.

Production Management

Teaching Preventive Maintenance

REALIZING that preventive maintenance is as much a training problem as it is an engineering problem, Carnegie-Illinois Steel Corporation has adopted four principles of preventive maintenance as the basis for foreman training. These principles are:

1. Using without abusing.
2. Finding the maintenance "X" spots.
3. Looking for trouble before it happens.
4. Maintaining equipment by schedule.

The training division has developed a sound slide film illustrating the four major points and elaborating on them pictorially. This film has proved an effective means of emphasizing the importance of preventive maintenance to both line and maintenance supervision, and of instructing all supervision in the necessity for and concrete methods of conducting a systematic maintenance program.

At each conference, after the sound slide film has been shown, the rest of the meeting is given over to group discussion. The object of the discussion is to determine the extent to which preventive maintenance is currently being used and to discover other places in which it would be desirable. Both maintenance and production men attend the conferences so that both points of view may be presented. The records kept of these meetings have proved to

be invaluable, both to top production supervisors and to the maintenance department.

While this approach is a one-shot technique, it accomplishes two major objectives. The first is to present the fundamentals on which a program of preventive maintenance must be built. The film sets forth the four basic principles previously listed, and the discussion that follows elicits specific instances in which these principles can be applied.

The second objective is to impress upon all supervisors their common interest in preventive maintenance. The four points in the program have been advocated by maintenance supervision for a long time, yet none of them can be accomplished without the whole-hearted cooperation of the production and engineering departments.

Under pressure of war production, many machines have been converted to jobs for which they were not designed. In most instances this conversion has been correctly planned and engineered, and so has proved a boon to war production. Abuse, however, is the unplanned and destructive use of equipment by workmen who, under stress, have confused haste with speed. The result has been, in many instances, unnecessary and costly mechanical breakdowns.

The maintenance department itself is almost helpless to prevent abuse with-

out the full cooperation of production supervisors. Line supervision must train men to understand the seriousness of abusing machinery.

A second important factor in a preventive maintenance program is "finding the maintenance 'X' spots"—those critical places where delays and breakdowns occur frequently. Here, again, there is a chance for real teamwork between production and maintenance supervision. One of the best means for locating "X" spots is a carefully compiled delay report. Most operating departments compile delay reports, but too often the importance of these reports has not been impressed upon the operating personnel. A carefully recapped and perpetual recording of delay statistics will give the maintenance people a sound guide for planning maintenance work.

Another valuable source of information is a condition-of-equipment report submitted at the end of each turn. Operators can frequently spot potential sources of trouble and, by relaying their predictions to maintenance men, can help prevent breakdowns.

When the critical points in a department are known, the way is clear for the third step—"looking for trouble before it happens." This step involves

establishing a regular inspection schedule for each "X" spot listed. This schedule will vary from day to day, but each critical point should be inspected as often as necessary. In addition, systematic maintenance inspection requires regular attention to bearings, gears, motors, controls, couplings and lubrication.

Application of these measures for keeping the wheels turning leads logically to the fourth step of a sound preventive maintenance program—"maintaining equipment by schedule." Such a schedule, of course, must be built up; it cannot be improvised, and it must be worked out with the operating supervisor. On this schedule will be listed the units to be inspected by each maintenance man, with space for him to record the condition of each part for which he is responsible.

The repair schedule will show over a period of time the normal life of any piece of equipment. This normal expectancy can be calculated, and replacement or repair planned accordingly. Thus operating supervision can be notified when to expect major repair jobs on any important equipment. By R. J. GREENLY and J. E. NEWSOME. *Factory Management and Maintenance*, November, 1943, p. 139:2.

- ONE EVIL from which U. S. plants have been relatively free is sabotage. Since January, 1940, the FBI has investigated some 12,000 cases of reported sabotage, with less than 10 per cent yielding evidence of the crime—far less, says the FBI, than could be "reasonably expected" in wartime.

—*Modern Industry* 11/15/43

Marketing Management

12 Steps Toward Postwar Sales

WHAT are you doing about your postwar sales organization? Are you just forgetting it "for the duration," or will you be prepared to take immediate advantage of the vast new peacetime markets that will develop?

When the war ends, will you be "left at the post" by having to organize a sales force overnight, sending inexperienced men out into hurriedly-mapped territories? Or will your salesmen be trained and equipped to cope with new conditions, products and markets?

With no merchandise to sell and no men to sell it, many companies have been unable to keep their sales forces intact. Even among those which have managed to retain most of their men, diverting them into other jobs, little time can be taken from vital war production to sharpen their talents for peacetime selling.

The first problem has several possible solutions:

1. Contact former salesmen now in war jobs. Find out whether they intend to return to the sales field after the armistice. Tell them something of your postwar plans—new products, territories, markets, wages, etc. They'll want to know whether you'll expect them to work on salary or straight commission. Remember, many of these men are now earning high pay in war plants.

2. Write to former salesmen now in the service. Tell them your plans for taking them back. They'll welcome information about new products, markets, territories, etc.

3. Advertise *now* for postwar salesmen. Thousands of men are already wondering what they'll do when war plant closings shunt them into the ranks of the unemployed. Now is the time to take your pick of these men. They can be interviewed and even trained in their spare time. Home training courses can also be provided.

4. Use employees already on your payroll. The chances are that there is a fertile crop of prospective salesmen right in your own plant. These might include former salesmen now doing war work, draft-deferred fathers and others in essential jobs, Army-rejected employees, and a large number of men over 38.

5. Don't overlook the women. Many women are particularly well adapted for selling. Some businesses have recognized their ability for years. Others, such as the Fuller Brush Company, Hartford, Conn., are discovering for the first time that they're ideal replacements for men.

As to the problem of finding time to develop an efficient sales organization without hindering war work: Many companies are adopting the simple but practical expedient of doing their plan-

ning after hours. Though to date this applies chiefly to executives, the same solution may also be used to lay the groundwork for the training and preparation of salesmen. Meetings can be held once a week at convenient hours. If prospective salesmen appear reluctant, pay them for their time. They can also be provided with sales literature to study at home.

What steps should be taken to prepare sales forces for the day when war ends and peacetime markets revive?

Some companies are finding the following to be the most effective:

1. Revamp your sales catalogues. For example, sales executives of one New Haven, Conn., war plant are already scanning every item in their pre-war catalogue, weeding out old or obsolete products and including new ones now being created. Up-to-date copies will be distributed to the company's salesmen. Remember, they can't sell a product until they're familiar with it.

2. Familiarize salesmen with changing trends and conditions. They'll need to know about changes in income levels, consumer wants, markets, products, retail sales techniques, and dealer setups.

3. Remap sales territories. War-time population shifts have created vast new markets. Some areas have been flooded by a great influx of people, many of whom will remain after the war; other sections have lost population. Study these trends and begin planning new territories for your salesmen.

4. If you don't have a sales research division, establish one to investigate

new markets and study postwar industry needs. Such a department might also attempt to ascertain consumers' opinions with respect to new products and services desired. A survey of this sort could be conducted through the mails.

5. Don't forget advertising. Gear your postwar advertising campaign to your sales promotion. Start correcting public misconceptions about fantastic postwar "dream" products. This will go a long way toward paving the way to easier sales. Also, plan now to recover any goodwill you may have lost through wartime laxity, inferior merchandise, inability to deliver, etc.

6. Estimate your immediate postwar sales capacity. Determine as nearly as possible what products, and in what amounts, you should be able to sell at the war's end. Will there be a surplus or shortage of existing capacity? (This procedure is now being followed by the Goodyear Tire & Rubber Company. Committee meetings are held every Saturday morning in order to check sales estimates against existing capacity.)

7. Prepare installment selling plans. Despite accumulated savings (84 per cent of the American public is now saving money, either in savings accounts or in some other form of savings or investment), a U. S. Chamber of Commerce survey reveals that "the American habit of installment buying will continue to be a major factor in large consumer purchases."

BY CHARLES FURCOLOWE. *Forbes*, October 15, 1943, p. 18:3.

Standards Improve Sales Efficiency

BY establishing a set of standards for sales performance, and then using a simple weekly sales report as a means for checking actual performance against the norms established, J. J. Haines & Co., Baltimore, has been able to induce almost every one of its salesmen to use his time more efficiently. Since they're straight commission salesmen, they have, of course, stepped up their own earnings as a result.

The plan begins with a weekly report form, which can be filled out in a few minutes per day. It calls for the following information on each business call:

Code letter "C" or "P," to indicate whether the call is on a prospect or a customer.

Name of customer or prospect.

Address of customer or prospect.

Name of buyer.

Date.

A check to indicate if an interview is gained.

A check to indicate if an order is obtained.

Approximate amount of the sale.

Two columns are left open for remarks and for office use. Salesmen fill in their own names and the dates on which the weeks end, and then mail the reports to the home office.

During the first six months this report was in use, the collated findings were studied to find a key to the proper functioning of the salesmen and to set norms of performance. Report analysis enabled the management to answer such questions as the following:

How many calls a day should the salesmen make?

What percentage of these calls result in a sale?

What is the dollar average per call?

How many new prospects are sold per month?

—R. A. STEELE, Jr., in *Sales Management* 8/1/43

Wartime Mortality of Retail Stores

WAR conditions during 1942 created unparalleled problems for both old and new retailers. Scarcity of merchandise forced many retailers to discontinue operations, but at the same time it permitted them to liquidate their stocks of merchandise without much difficulty. It created problems for new stores, but did not prevent them from opening. In fact, war developments, although generally far-reaching, only partially changed the procedures and causes of closing and opening retail stores from those existing before the war.

According to a survey by the U. S. Department of Commerce, a vast majority of the retailers closing their stores did so voluntarily. Assets were most commonly sold piecemeal, although frequently in bulk to two or three buyers. In a few instances where assignments to creditors were made, auctions were resorted to.

For the three fields covered in the study—automobiles, household appliances and hardware—merchandise in general was sold for cash, without difficulty in finding buyers, and in many cases without loss. In cases where a loss was sustained, it tended to be relatively small.

In most instances, considerable difficulty was experienced in finding a market for fixtures and equipment. Consequently, about one-sixth of the firms stored their fixtures. Those which sold did so at a sizable loss, usually realizing less than 50 per cent of the estimated book value at time of liquidation.

Nearly 80 per cent of the firms leased their space, and most leases were broken

(Continued on following page)

without difficulty or loss. Lawsuits were involved in only two instances. Space, whether leased or owned, was usually reoccupied within a short time after a store closed.

Lack of merchandise was the chief contributing factor in discontinuances. Labor shortage was also influential in many cases, usually in connection with shortage of merchandise. Favorable alternate opportunities open to the operators encouraged 40 per cent of the retailers to discontinue. Several liquidations occurred because the owners entered the armed forces. Price control was not regarded by the operators as a significant factor in discontinuances in lines covered.

Most business men felt that discontinuances in all lines would increase rapidly during the first few months of 1943, perhaps reaching a peak by September or October. Many dealers operated through 1942 on supplies accumulated before the drastic curtailment in production.

—*Small Business: A National Asset* (U. S. Department of Commerce) 7/43

Financial Management

Beyond the Balance Sheet

MANY intangible factors, such as character, adaptability, experience, reputation of the personnel, production facilities, and skill of the owners, are frequently more important in determining credit than the balance sheet itself. Today, as a result of wartime developments, a number of new "intangibles" have come to the foreground which might well be considered by credit men in appraising their accounts. It is intended here to touch on only a few of these factors.

In June, 1938, the Fair Labor Standards Act became law and prodded into importance certain aspects of accounting and accounting practices which had long been accorded desultory attention. Payroll records, as well as sound labor relations, assumed greater significance to purchasers and therefore to their suppliers. The purchaser, as an em-

ployer, had become exceedingly vulnerable. Every employee was cloaked with the right to institute civil suit for himself, or on behalf of all employees similarly situated, for unpaid overtime compensation.

For the fiscal year 1942 in the State of New York, 7,220 violations covering 369,050 employees are reported in the records of the Wage and Hour Division. Of this number, restitution was required to be made by 5,001 establishments, covering 210,426 employees. The establishments concerned ultimately agreed to pay the sum of \$2,783,356 in restitution.

Violations reported throughout the United States for the same fiscal year totaled 55,419 and covered 3,380,214 employees. Of this number, restitution was required to be made in 28,850 cases covering 1,674,263 employees.

Through suit or settlement the employers concerned agreed to pay in restitution the sum of \$20,460,320.

All this would clearly indicate that, where credit is extended to the owner of a large organization, plant or unit, the credit department should endeavor to be reasonably well informed as to the customer's compliance with wage and hour requirements. This information can, to some extent, be obtained through the financial statement itself, but obviously such information not supplied by the statement should be obtained through other sources.

Does the credit department realize that compliance with OPA price regulations which affect its customers' production is as important to the supplier of credit as it is to the customers themselves? For example, in the New York district during the 1942 fiscal year, \$726,000 in penalties for OPA violations was collected.

Records of complaints and investigations are held in strict confidence by the OPA. Thus the credit department, which must await a news release of the commencement of suit against its customers for alleged violation of OPA regulations, obtains this important information too late for it to be of any value. It is distinctly worth while for the supplier of credit to ascertain to his own satisfaction that the customer

is not vulnerable in this direction.

Another peril which confronts the extender of credit today has been created by the significant provision of the National Defense Appropriation Act providing for renegotiation of contracts entered into by firms engaged either partly or wholly in some phase of war work where the aggregate yearly sales exceed \$100,000. In many cases neither profits nor costs can be computed accurately in advance, and numerous estimates have been substantially higher than actual costs and have yielded profits to many companies which they did not anticipate and may not retain. Consequently, the credit man in examining the balance sheet cannot know whether or not the figures furnished for credit purposes may be radically reduced upon renegotiation.

Another matter of importance to be carefully scanned is the position of customers with regard to taxes. In view of the fact that taxes imposed today range to as high as 90 per cent of corporate income, it is of the utmost consequence that thorough information of this character be sought by credit departments. The credit man should know when the returns of customers were last audited and if any assessments were made. By EMANUEL A. OBSTFELD. *Credit and Financial Management*, October, 1943, p. 17:2.

- EMPLOYERS electing to use the retrospective rating plan have saved more than 20 per cent on their workmen's compensation insurance costs since 1936, when the plan was first put into effect, figures contained in a report of the National Council on Compensation Insurance indicate.

—*The Journal of Commerce* 12/2/43

Insurance

Development of Social Insurance

WHILE the present Federal Old-Age and Survivors' Insurance Plan represents a decided improvement over the original measures of 1935, there seems to be general agreement that it is still far from perfect. Changes which should be made, when technical and other practical considerations permit, include:

1. Enlargement of the scope of coverage to bring in groups of workers now excluded—such as employees of the government and non-profit organizations.
2. Simplification of the benefit formula, with further emphasis on "social adequacy" and less on "individual equity" as the benefit criterion.
3. Simplification and improvement in the requirements for an insured status under the plan, including continuance of such status for men in the armed forces.
4. Inclusion of some provision for the present aged not under the plan in lieu of the financial assistance granted by the Federal Government to the states for their old-age assistance plans.
5. Some provision for persons who become "prematurely superannuated" before age 65—as, for example, those who are permanently disabled for further work and have attained some set age, such as 55 or 60.

Of the utmost importance in any old-age plan is a thorough understanding of the cost trends through the years. Long-range expert forecasts are indispensable in determining what scale of benefits can be supported by the nation's economy, bearing in mind the other major claims on the national purse and the priorities to be accorded them. Such forecasts are also necessary

in considering questions as to the nature, sources and range of contributions and taxes which will be required over the years to provide the funds for the benefit payments.

This brings us to the disturbing fact that considerable confusion still appears to exist regarding the principles which should underlie financing of the plan. It is a difficult and elusive problem on which unsound reasoning is not at all unusual. It is not one which can be dealt with merely on a year-to-year basis; it must take into account the fact that the annual outlay for benefits will increase for many years. We must not defer much longer a careful weighing of the pertinent considerations so that a sound decision will be reached as to the policy to be followed for financing the future benefit outlays.

While there has been substantial progress in the old-age insurance field since 1935, we find an entirely different situation with respect to unemployment insurance. Despite a comprehensive attempt by the federal and state governments to achieve partial solution of the unemployment problem through social insurance, the plans now in operation are not based on a proper understanding of the social insurance approach. They show little appreciation of the "social adequacy" principle. Benefits are too closely geared to prior wages. Except in the District of Columbia, family responsibilities are completely ignored. In general, the various benefit

formulas applied result in excessive benefits for some and decidedly inadequate benefits for others—especially those with dependents, who should be the first consideration of any government which regards the family as the basic unit in its social structure.

Social health insurance in this country is still mainly in the discussion stage, and the situation regarding it is confused. Even some of the most fundamental questions remain unanswered. There is a disagreement as to the need for compulsion in this field; as to how the responsibility for administering a compulsory plan should be allocated among the various levels of government—federal, state and local; as to whether government itself should set up the organization for paying benefits or rendering service, or should merely require individuals to find or create organizations for themselves. Then, again, major differences of opinion

exist as to the implications of such terms as "health insurance" or "adequate medical care." For example, should medical care protection be on the basis of providing services in kind, or should it take the form of complete or partial indemnification of the individual for the charges made by the physician or institution in question?

Numerous signs indicate that the next few years will witness a number of major developments and innovations in the provision of medical care. Because of the personal nature of the services that may be required, however, the role of the government in this connection might well be one of greater aloofness, confined to making sure that adequate care will be provided rather than directly participating in its actual provision.

From an address by R. A. HOHAUS before the Federation of Mutual Fire Insurance Companies.

Status of Unemployment Insurance

AT the present time more than 40,000,000 workers are covered by unemployment insurance. More than \$2,000,000,000 has been paid out in unemployment insurance benefits. Highest month was June, 1940, when 1,200,000 workers received benefits totaling \$53,000,000.

Benefit payments are currently at low point. In June of this year only 100,256 workers received benefits, and these totaled less than \$6,000,000 for the entire country.

—GLENN GARDNER in *Management Information*

Industrial Injuries During 1942

CONTINUING the trend noted for 1941 in manufacturing industries, the number of disabling work injuries during 1942 increased much more markedly than did either employment or total employee-hours worked. The respective increases, in nearly 21,000 identical manufacturing establishments, were 34 per cent, 16 per cent, and 22 per cent. The frequency rate, which reflects the average number of disabilities per million employee-hours, rose 9 per cent. The time loss resulting from work injuries during 1942 was also greater than that of 1941. The increase in injuries during 1942 occurred primarily in temporary total disabilities; relative percentages of fatalities and permanent impairments were lower than in 1941.

—*Monthly Labor Review* 11/43

The Management Question Box

Questions and Answers on Management Practice Based on the Inquiries Received by the AMA Research and Information Bureau.

Individual replies are made promptly either by mail or telephone to inquiries received by the Research and Information Bureau. This service is available to executives of concerns holding company memberships. The questions cited here are those which it is believed are of general interest to the membership.

Clerical Salary Differentials

Question: Has any survey of clerical salaries been undertaken recently to determine differentials between various cities? If so, what jobs were covered? What were found to be the rates for typists and stenographers?

Answer: A survey of office workers' salaries, covering nine cities, was made last April by the National Office Management Association. The findings indicate rates for the main clerical jobs, including that of machine operator, in New York, Chicago, Boston, Philadelphia, Cincinnati, Cleveland, Rochester, Grand Rapids and Charlotte.

Average monthly rates for women typists and stenographers were found to be as follows:

City	Junior Typist	Senior Typist	Junior Stenographer	Senior Stenographer
New York	\$94.00	\$116.00	\$109.00	\$133.00
Chicago	93.00	106.00	112.00	131.00
Boston	104.00*	104.00*	117.00*	117.00*
Philadelphia	99.00	108.00	113.00	145.00
Cincinnati	84.00	99.00	98.00	115.00
Cleveland	105.00	122.00	113.00	136.00
Rochester	99.00	111.00	123.00	156.00
Grand Rapids	91.00*	91.00*	108.00*	108.00*
Charlotte	95.00*	95.00*	104.00*	104.00*

*Combined Junior and Senior.

The wage brackets now being established by the various Regional War Labor Boards will also provide a countrywide survey. Preliminary figures, which have been released in several cities, may be obtained on application to the Board offices.

The New York figures, which are termed "approvable rates," are accompanied by job descriptions. While they have been criticized on the ground that they cover all New York State and Northern New Jersey and thus lump small towns and large cities together, the ranges given doubtless allow for the

differences in "going rates." Job descriptions and rates for typists and stenographers follow:

Stenographer, Grade II.

Takes and transcribes dictation of difficult nature involving varied vocabulary and frequent use of unusual words and expressions. Requires considerable skill, accuracy and speed. May take dictation by shorthand notes or machine. May also file, keep records, and perform other related clerical duties. Requires experience. (Single Rate, \$29. Range, \$26 to \$35.)

Stenographer, Grade I.

Takes and transcribes dictation involving limited and simple vocabulary with ordinary skill and speed. Works under supervision. May perform minor and related clerical duties. (Single Rate, \$24. Range, \$22 to \$28.)

Typist, Grade II.

Under immediate or general supervision, types varied material of more than average degree of difficulty from clean copy or rough draft. Involves planning the setup and arrangement of work and the exercise of some initiative and judgment, e.g., correction of errors in spelling, grammar, punctuation, etc. Requires more than ordinary care, skill, speed and knowledge in handling of work. Includes all-purpose typist in small office. Requires experience. No stenography required. (Single Rate, \$25. Range, \$23 to \$30.)

Typist, Grade I.

Under immediate and close supervision, straight typing from plain or corrected copy of simple, routine form letters, reports, charts; addresses envelopes; types fill-ins and similar work. Requires little or no planning for setup or arrangement. Minimum of initiative and judgment. May perform simple, routine clerical duties for a minor portion of time, as assigned. (Single Rate, \$22. Range, \$20 to \$24.)

Postal Zones

Question: Will mail be returned to the sender if postal zones are not indicated?

Must we scrap stationery and addressograph plates which do not bear zone numbers?

Answer: The new regulation represents merely an attempt on the part of the Post Office Department to meet the difficulties caused by loss of trained manpower; it is not a law. Mail without zone numbers will be delivered, but it may be delayed one delivery because it is more difficult to handle with inexperienced personnel.

It is unnecessary to discard letterheads on which the zone number does not appear, as the stenographic staff may be instructed to type it in. When new stationery is ordered, however, the number should, of course, be added to the imprinted address. If you desire to add zone numbers to current addressograph plates, it is permissible to place them after the state; and, if this is not feasible, you are required only to make sure that all new plates bear the numbers.

Mailing lists may be sent to the local post office, which will be glad to check them and add the requisite numbers. There is no charge for this service. Many companies have also found it convenient to inform their correspondents of their numbers by means of mailing pieces, with return cards on which recipients may note their own zone numbers.

Methods of Compensating Salesmen

Question: Have compensation methods for salesmen undergone any marked change since our entry into the war? What has been the general trend with respect to salaries and commissions?

Answer: According to a recent report entitled *Current Trends in Compensating Salesmen*, issued by The Dartnell Corporation—an organization which keeps a finger steadily on the pulse of sales management—there has been comparatively little change in compensation methods in nearly two years of war. This fact is noteworthy, in view of previous predictions that sales organizations would depart materially from their usual ways of paying sales personnel. The Dartnell survey, incidentally, covers several thousand companies in various lines of business, maintaining salesmen in every part of the country. Every type of sales setup is represented, the majority, however, being in the manufacturing field.

The survey further indicates that, on the average, the earnings of salesmen have increased since 1940. The tabulation showing comparative changes in salaries, commissions, average net earnings, and other pertinent facts should be helpful to executives who wish to compare compensation methods in their own organizations with those prevailing in similar or comparable lines of business. While it is not possible to reproduce the complete chart, a random sample of the selected lines of business is given below:

<i>Line of Business</i>	<i>Usual Compensation Plan</i>	<i>Average Annual Salary</i>	<i>Increase or Decrease Since 1940</i>	<i>Average Commission Rate</i>	<i>Increase or Decrease Since 1940</i>
Advertising Space Sales	Salary and Bonus	\$3,796	15% up	—	—
Baking and Distributing	Salary and Commission	3,000	No	4%	No
Cereal, Manufacturing	Salary and Commission	1,200	No	4%	No
Dairy Products	Salary	2,450	Increase	—	—
Drugs, Wholesale	Salary and Commission	4,000	Increase	3%	No
Paint, Manufacturing	Salary and Commission	1,800	Increase	17%	No
Printing	Salary	3,500	Increase	—	—
Rubber Products, Manufacturing	Salary and Commission	4,200	Increase	1 to 3.5%	No
Stationery, Manufacturing	Commission	—	—	10 to 20%	No
Varnish, Manufacturing	Salary and Commission	4,200	Increase	10%	No

Survey of Books for Executives

Manpower for Victory. By John J. Corson. Farrar & Rinehart, Inc., New York, 1943. 299 pages. \$3.00.

*Reviewed by William Haber**

John J. Corson is especially qualified to write the first definitive volume describing the manpower problem in the United States and evaluating the program which has been put into effect to meet this problem. After several years with the Social Security Board, he was Director of the United States Employment Service during the crucial months when its central function was changing from that of finding jobs for workers to that of finding workers for jobs. Since he is now Director of Old-Age and Survivors' Insurance in the Social Security Board, he is able to write frankly about manpower without being limited by official discretion.

No single phase of war mobilization is more in need of candid treatment, because no phase is more complex and more variable than the task of putting the right worker in the right job at the right time and in the right place. Since there is no way to reduce this task to one simple formula, and since there is no single panacea for solving our manpower difficulties, it is no surprise that

the labor supply problem is characterized as a "manpower muddle."

The dimensions of the task are changing every day; a military decision to use more of one weapon and less of another may provide an almost insoluble staffing problem in one community and raise the threat of unemployment in a second community. The national manpower problem is only a figure of speech, because it comprises hundreds and thousands of intensely local manpower problems—to recruit more women in one area, to find sturdy male labor in a second, to achieve a balanced wage structure in a third, to gain the acceptance of qualified colored workers in a fourth, and to keep housewives in the labor market in a fifth. The solutions are fully as varied and fully as localized as the problems. We must ask some workers to change jobs at a time when we request other workers to stay where they are. We decide that the skilled man can make his greatest contribution in civilian industry, whereas we draft many of his friends and neighbors into military service. We encourage migration into some communities where local labor supplies are insufficient and housing is available, and we simultaneously discourage migration into other areas where locally available workers are not fully utilized or

* Director, Bureau of Program Planning and Review, War Manpower Commission.

new workers cannot be accommodated. Considering the haste in which all these aims must be accomplished, it is natural that widespread confusion should exist concerning manpower.

Mr. Corson's book should go far toward dispelling this confusion, and create a better understanding of what is involved. Gifted with a thoroughly readable style and fully armed with facts, he has given us a systematic and comprehensive analysis of labor requirements, labor resources, and the necessary steps in a wartime manpower program.

Mr. Corson begins by describing in detail the unprecedented demands for manpower in military service, shipbuilding, aircraft, ordnance, the merchant marine, construction, agriculture, basic supporting industries, government service, and scientific and professional fields. The sources from which these needs have been met in such a short period of time are indicated—the conversion of whole industries and their labor forces to war production, the re-employment of almost 8,000,000 jobless persons, the accelerated employment of women, the drain of workers out of agriculture and small business, and the gradual increase in the average workweek.

The impact of war mobilization upon the local community is traced, area by area. The problem of "priority unemployment" proved to be ephemeral, but maladjustments arising from the swollen population of congested industrial areas have steadily grown more serious with the passing of time. The consequent shortages of facilities for hous-

ing, local transportation, education, medical care, shopping, recreation, and many other needs have seriously impeded the recruitment and stabilization of workers in a large and growing number of industrial areas. Mr. Corson makes it plain that any program for reducing turnover, migration and absenteeism among workers must include a frontal attack on the fundamental maladjustments which are the root cause of the difficulties.

Three successive stages in the growth of manpower shortages are distinguished—the shortage of skilled labor, the exhaustion of manpower reserves in congested areas, and, finally, the general shortage of manpower. Mr. Corson emphasizes that insufficient attention to manpower in procurement policy during the early months of the war resulted in a serious maldistribution of facilities and war contracts, which accelerated the second stage of local labor shortages. An excellent chapter canvasses the possibilities of securing additional labor as we approach a total manpower shortage; potential and underutilized labor reserves, such as women, Negroes, aliens, students, part-time workers, retired workers, handicapped persons, inmates of penal institutions, war prisoners, and imported workers, are all mentioned. Mr. Corson calls attention to an additional reserve consisting of workers who have not transferred from non-essential activities, and weighs the possibilities in a program for concentrating the production of curtailed civilian industries (a program which, although initiated by the War Production Board, proved to be abor-

tive). In addition, he gives full attention to the necessity of expanding manpower resources through better utilization and through training.

As the various devices of the manpower program are unfolded, it becomes clear that the allocation of labor is considerably more complicated than the allocation of steel or aluminum or machine tools. The labor supply is infinitely varied, in accordance with age, sex, physique, intelligence, education, training, experience, and many other factors. Labor demand is equally varied; occupational analysts of the War Manpower Commission have distinguished more than 30,000 separate occupations in our economic life. Shifting workers is not equivalent to moving raw materials. It is not easy for a worker to give up the familiar occupational routine to which he is accustomed and adjust himself to another method of earning his living; it is not easy to break away from one's home community and resettle in a strange environment. Assembling a labor supply for a new plant or an expanded operation involves more than the recruitment of workers; a whole complex of material facilities must be provided. A further complication arises from the fact that the most urgent jobs from the standpoint of the war production program are not always the most attractive; workers must be found to fill many jobs where the work is heavy, the pay relatively low, and conditions unattractive. In addition, since we are dealing with human beings, we must work in a context of human institutions, relationships and antagonisms which

have developed over a period of many years and which do not disintegrate when war is declared, even though it might be convenient if they would do so. These causes emphasize, as Mr. Paul V. McNutt states in his foreword to the book, "the extent to which each manpower operation depends upon adequate, well-trained, professional personnel, paid sufficiently to hold them, and free of political obligation."

Manpower for Victory criticizes with considerable justification the inadequate coordination between production scheduling and manpower resources, as well as the lack of system in the provision of occupational deferments for men whose greatest contribution can be made in civilian industry. If Mr. Corson were writing today, he would recognize that significant improvements have been made in these respects. He deplores also the fact that no over-all allocation of manpower between the military services, war production, and civilian activities has been determined. Though widespread criticism of the manpower program has been voiced on this count, it must be seriously doubted whether any such allocation made at the beginning of the war would have had more than academic significance, in view of the many uncertainties and our lack of knowledge concerning eventual requirements. There is therefore reason to feel that the alternative procedure of continuously evaluating and adjusting military and production programs in the light of changing circumstances is perhaps inevitable. At any rate, the fact is that the goals established for enrollment in the armed

forces and for production of war materials have proved tenable, at least insofar as over-all manpower supply is concerned.

Corresponding to his three phases of manpower shortages, Mr. Corson distinguishes three phases of manpower mobilization: the phase of mobilization through the normal operation of the labor market, the phase of persuasion and indirect compulsion, and the phase of direct controls under a national service act. We are now in a period in which we are testing whether essential manpower requirements can be filled under local employment stabilization plans without the power of direct assignment; the encouraging progress being achieved in many communities suggests that a national service act may not be necessary.

You and Your Public: A Guide Book to the New Career—Public Relations. By Verne Burnett. Harper & Brothers, New York, 1943. 194 pages. \$2.50.

*Reviewed by Harold D. Lasswell**

In this terse guide Verne Burnett, vice president of General Foods Corporation, has set forth a point of view toward public relations, and commented on many problems that arise in practice. What is public relations? "Very simply, it means other folks' relationships with whatever you are, or do, or say." ". . . Public relations in-

volve respecting the other fellow's self-respect."

The presentation is simple and varied. A conversational style creates an atmosphere of direct contact between writer, reader and problem. This technique is usually diffuse, but Burnett has succeeded in packing the text with a respectable load of detail.

What does this book reveal about the progress of the "career" of public relations toward a professional estimate of itself and a professional code of practice and inheritance of knowledge? Certainly the general viewpoint is professional, in the sense that the obligation of a professional man is to harmonize special interests with general interests, and hence to avoid the position of a mere tool. ". . . Steer clear of attempting a publicity job with an organization which merely wants a Little Red Riding Hood to cover up its long ears." But the author has avoided essential issues and has treated with vague generality such fundamental questions as clarifying the relations between government and business, between monopoly and competition, and between the firm and trade associations and "pressure" organizations. Without a clear line on these matters, any talk about "self-respect" is no more than verbal magic.

Obviously one obstacle to the emergence of a genuine profession of public relations is secrecy. Unless experience is amply recorded, reported, and open to evaluation, there can be no scientific tradition worthy of the name. Medicine has gradually solved this problem and is today freer of hocus-pocus and im-

* Director, War Communications Research, Library of Congress, Washington, D. C.

postorship than in the past. Judging by this book, and by its predecessors, public relations is still in the stage of "inspirational" literature, full of more or less sagacious "hints" from those who have made a living at it.

The Psychology of Efficiency. By Arthur Gilbert Bills. Harper & Brothers, New York, 1943. 361 pages. \$2.75.

*Reviewed by Harry W. Hepner**

The author, who is professor of psychology at the University of Cincinnati, offers here a text on the hygiene of mental work, the care and maintenance of the thinking machine, and the conditions necessary for its efficient operation. The author's objectives, selection of topics, treatment of subject matter, and choice of illustrative material are based on the needs of students rather than business executives. The book is likely to prove most useful to the college teacher who desires a text for a personal efficiency course for sophomores. Its usefulness for this purpose is enhanced by the excellent lists of supplementary readings, extensive glossary, and self-test questions for each of the 18 chapters.

The book considers primarily the interests of the mental worker himself rather than those of the employer. The business man who reads it in the hope of gleaning some guiding principles to apply in the factory or office will probably be disappointed. Principles of

value to the business supervisor are found in the book, but they are not presented in relation to practical problems.

Occasional comments are made on the problems of the business supervisor, but the author's attempts to make such applications indicate that he has not forsaken the laboratory. Example: A discussion of work curves describes experiments in which the task was writing letters of the alphabet. Work curves of industry are mentioned only incidentally.

Because of the author's theoretical leanings, his few suggestions for business administrators are of dubious value, as witness these two examples:

The administrators who plan the daily work schedules of their subordinates should first know these workers' individual rhythms of efficiency in order to do a more intelligent job of planning. (Page 58)

* * * *

The most economical time for a rest is just after the peak efficiency has been reached, before the slump has carried productivity below the optimum range. Thursday is the natural point at which to introduce a half-day rest. Therefore, we herewith advocate that all workers, particularly mental workers, adopt such a plan. Housemaids already observe the Thursday half-holiday; why not office workers, business men and students? (Page 222)

The reader who supervises a factory or office force must decide himself whether these suggestions have practical value.

Despite the book's limitations from the industrial standpoint, the text does summarize many of the important studies in the field of mental efficiency; and it should thus be in the reference library of the academically-inclined administrator.

* Professor of Psychology, Syracuse University.

Briefer Book Notes

1021 ANSWERS TO INDUSTRIAL HEALTH AND SAFETY PROBLEMS. Edited by Jack E. Weiss *et al.* Occupational Hazards, Inc., 812 Huron Road, Cleveland, Ohio, 1943. 699 pages. \$10.00. Here is an indispensable manual for the plant medical or safety director. In succinct question-and-answer form it covers practically every phase of industrial health and safety: industrial skin diseases, dust hazards, toxic substances, air-borne hazards, safety administration, protective equipment, mechanical safety, tool protection, plant safety, record forms. The text is profusely illustrated, and discussion of each topic is followed by a helpful bibliography.

INDUSTRY AFTER THE WAR. By Charles Madge (in consultation with Donald Tyerman). The Pilot Press, Ltd., London, W.C.I., England, 1943. 64 pages. (Available at \$1.25 from Transatlantic Arts, 69-81 108 Street, Forest Hills, N. Y.) Who will run industry after the war? Weighing this problem as it pertains to Britain, Mr. Madge summarizes the alternative methods advocated by different authorities, and sets up what he terms a "practical target" for postwar control of industry—a combination of public and private enterprise, both under some sort of central control. This brief volume is the first of a series entitled *Target for Tomorrow*, devoted to postwar planning.

CONTROLLING ABSENTEEISM: A Record of War Plant Experience. Special Bulletin No. 12, Division of Labor Standards, U. S. Department of Labor, 1943. Available from the Superintendent of Documents, Washington, D. C. 57 pages. 10 cents. This pamphlet summarizes the experience of management in some 200 outstanding war plants in dealing with absenteeism. It indicates the methods of control tried at the plant level, and the degree of success which might be attained if these methods were more generally used throughout the country.

DEMOBILIZATION AND READJUSTMENT: Report of the Conference on Postwar Readjustment of Civilian and Military Personnel. National Resources Planning Board, June, 1943. Available from the Superintendent of Documents, Washington, D. C. 106 pages. 20 cents. Constructive proposals for the orderly handling of the demobilization and readjustment of men coming out of the armed forces and industry when the war ends.

WEBSTER'S BIOGRAPHICAL DICTIONARY. G. & C. Merriam Co., Springfield, Mass., 1943. 1,698 pages. \$6.50. This monumental reference work is recommended to every business man who wishes to be well informed on personalities prominent in history and in current affairs. Contains 40,000 concise biographies of historical and contemporary celebrities—including pioneers in business and industry—with name pronunciations.

AN INTRODUCTION TO POSTWAR PLANNING. Policyholders Service Bureau, Metropolitan Life Insurance Company, New York, 1943. 18 pages. Gratis. This primer of postwar planning, based on material developed from some 50 representative companies that have already inaugurated postwar planning programs, will assist business executives in determining the need and defining the scope of such planning activities for their organizations.

PIONEERING IN PERSONNEL. By Mary Rodgers Lindsay. The Personnel Club of New York, 19 West 44th Street, New York, 1943. 26 pages. 35 cents. A history of The Personnel Club of New York, whose activities during the 25 years of its existence have reflected the significant developments and trends in personnel management.

PROCEEDINGS OF THE TWENTY-FOURTH ANNUAL CONFERENCE OF THE NATIONAL OFFICE MANAGEMENT ASSOCIATION. National Office Management Association, Philadelphia 7, Penna., 1943. 129 pages. \$5.00. Includes noteworthy papers on office training, induction, methods improvement, office production standards, wartime salary administration, and reduction of clerical costs.

OCCUPATIONAL RATING PLAN: For Manual or Shop Occupations. The Industrial Management Society, 205 West Wacker Drive, Chicago, Ill., 1943. 232 pages. \$2.50. Describes a point system of job evaluation which was first presented to the public in 1934.

3.
r.
h
y
d
il

r-5
er
al
h
et

l
e
s
s
y
r
j
t